

January 22, 2015

TO: Senator Buttrey and Committee Members
Senate Business, Labor, and Economic Affairs Committee

FROM: Alan Towlerton
275 Nubias Pl
Billings, MT 59105
ajtowl@msn.com

RE: Senate Bill 84

Please accept this testimony in support of Senate Bill 84.

I am one of the unfortunate parties that experienced non-renewal of my homeowner insurance policy last year. The insurer, State Farm Insurance, cited loss experiences dating back to 1995 in their notice of non-renewal. The majority of the losses were weather-related, which I consider out of my control. As many of you may know, the Billings area got hit hard with hail over the last 2-3 years, which compounded the problem.

I had been a loyal customer with them since 1981, faithfully paying my premiums on time, which obviously did not influence their decision. I would not feel as bad about their action if I had been jumping around to companies over all these years rate shopping.

The worst part of the situation was finding replacement coverage. Once you have been canceled or non-renewed, other insurers are either reluctant or refuse to offer coverage. You end up in a secondary market of insurers, which, in many cases, means higher premiums, higher deductibles, and less coverage.

I urge your support of Senate Bill 84 and thank you for your consideration of my comments.

cc: Senator Mary McNally
Barbara van der Mars, Office of Securities and Insurance
File

Dear Senate Business and Labor Committee Members,

I've had a homeowners policy with the same company for 29 years since I bought my home in Jan 1986. In 2012 I replaced the entire **original** roof out of my own pocket as it had reached end of life. Up until then I had a few claims for minor roof repairs while all neighboring homes claimed 2 or 3 total roof replacements. Then after the hailstorm in Aug 2013 my new roof was partially damaged and I received \$6000 for partial repair to the roof and paint. After I received the claim my insurance company decided to not renew my policy because of "overall claims activity". In addition to the 2013 claim their letter listed three claims of \$0.00, \$86, and \$1771 going back to 1997. My agent and I pushed back to keep my coverage- and we were successful with a revised policy which required a much higher deductible.

During the hailstorm in May 2014 my roof was again damaged- "totaled" per my roofing contractor. I was advised off the record by my insurance agent that submitting a claim would likely result in losing my policy for good. Although my agent never told me not to file a claim, I am stuck between whether or not to make the needed repairs and go through the distress of cancellation again. I feel that I have been left high and dry by a policy I've paid into for 29 years with only a small number of claims.

It is just not fair to non-renew someone's homeowners policy for claims activity going back 17 years in my case. We pay premiums to make sure there's extra protection for our homes when the unexpected happens. Here in Billings we've had to deal with some extreme weather events- from hail to tornados. We've paid-and continue to pay-our premiums and shouldn't have our insurance policies cancelled after a few events that are out of our control.

Sincerely,

Robert B Sorensen

RCV'D MT CSI
STATE AUDITORS OFFICE
2015 JAN 21 AM 8 48

January 20, 2015

State Auditors Legislation Committee

Senate Business and Labor Committee SB84

Attn: Senator MCNally,

I was dropped from State Farm after 50 yrs of coverage on my house and car. I feel this was an unfair practice. I am sending you the copy of letter from State Farm.

Senate bill SB84 would benefit Montana citizens. My agent told me that 3 people were cancelled the same week that my homeowners policy was.

Any questions I can be reached at 406-453-6274 or 406-217-5676.

Thanking you for your consideration of this matter.

Respectfully submitted,



Janet Murphy

125 Riverview 3 East

Great Falls Mt 59404



May 02, 2014

DuPont Operations Center
P.O. Box 5000
DuPont, Washington 98327-5000

MURPHY, JANET A
125 RIVERVIEW 3 E
GREAT FALLS MT 59404-1535

RE: Policy Number: [REDACTED]
Policy Type: Homeowners Policy
Location: 125 Riverview 3 E
Great Falls MT
59404-1535

EXPIRATION DATE: August 09, 2014 12:01 A.M.

Dear Policyholder:

Thank you for allowing us to provide your insurance under this policy. We cannot continue to provide coverage for the reason shown below. This policy will not be renewed as of August 09, 2014 in accordance with the terms and conditions of your policy and the laws of your state.

We cannot continue this policy because of the overall claim activity. Our records show the following losses:

DATE OF LOSS	AMOUNT OF LOSS	CAUSE OF LOSS
02-05-13	\$5,856.73	Building water/freeze damage
07-02-09	\$6,849.02	Building water/freeze damage
06-16-07	\$5,585.24	Windstorm or hail - Building
07-08-00	\$237.35	Windstorm or hail - Building
07-03-98	\$0.00	
04-01-96	\$1,021.25	Building water/freeze damage

If you have any questions or additional information for consideration, please contact your State Farm Agent, Aaron Hamilton at (406) 761-7601.

For your protection, you are urged to obtain other insurance to prevent any lapse in coverage.

Sincerely,

Fire Operations
Underwriting Department
State Farm Fire and Casualty Company

Written Testimony of Brian F. Close on SB 84

1140 Cherry Drive

Bozeman, MT 59715

email: taxatty123@gmail.com

Ph.: 406-582-0478

I will outline my experience of being a cancelled insurance holder.

In 2007 my wife and I bought a house in Bozeman. At that time I had been a loyal State farm auto insurance customer for 31 years, with my only moving accident being in 1987 (my parked car was hit a couple of times in the interim).

I have an 804 credit rating. I am an attorney with three advanced degrees. I co-wrote my city's charter as an elected public official. In short, I am a very responsible person.

So after buying the house we naturally went with State Farm and the offered standard \$500 deductible.

In 2008 our sewer line failed. My wife called to see if there was coverage. We never filed an actual claim. But we learned in 2013 that single phone call was counted by State Farm as a claim and started the clock ticking – a time bomb that we did not know of.

On July 22, 2008 I (and the rest of Bozeman) suffered hail damage to our roof and cars. (The last such hail storm in Bozeman was in 1986.)

Then, freakishly, we had another hail storm on June 30, 2010.

Then, on February 13, 2013, ice damage resulted in a roof leak. The roof repair was \$500, plus \$1500 in interior water damage. That last event made State Farm drop me as a policy holder. I was notified of this cut off on April 4, 2013. My policy expired June 15, 2013. That gave me just 72 days to find insurance or face the nightmare of forced placement insurance (see attached articles).

Not only did I have to move quickly to get new homeowner's insurance, I had to get new auto insurance as well because State Farm also cancelled my multi policy discount.

Getting new insurance was a daunting task. Because I had been terminated by State Farm, I was black listed by other insurance companies. For example, USAA would not even talk to me. I also learned that the insurance companies have a master database they share (called CLEW) that keeps track of any insurance claim I have ever made (for example, in 2010 a college student ran a stop sign and hit my car – that is in CLEW and under their reasoning makes me a greater insurance risk).

Eventually, I was able to get insurance from Farmers, who have only a 3 year look back on claims. However, even that had difficulties. Since my State Farm policy was due to expire June 15, 2013 and the last hail storm was June 30, 2010, Farmer's could not insure me until July

1st. So for two weeks I had to get stop gap insurance from a poorly rated company at twice what I would otherwise have had to pay.

A few comments on my ordeal. **First, customer loyalty, a high credit score, and the fact that two of my three actual claims were due to acts of God meant nothing to my insurance company.** My negligence did not cause two hail storms. If State Farm seriously believes that more violent weather is a reality because of climate change they should adjust their rates rather than punish insurance consumers by cancelling policies.

Second, insurance companies and their agents push low deductible policies without telling consumers that making the claims encouraged by low deductibles can result in insurance cancellation and replacement nightmare. Had I known that my last \$2000 claim (\$1500 after the deductible) would have resulted in policy termination, I probably would not have made that claim.

Third, low deductible policies charge a significantly higher premium rate than a policy with a higher deductible. I am actually paying Farmer's now less than State Farm because I have raised my deductible to \$1500.

So I support this bill, though I note that under a five year look back I still would have had my State Farm policy cancelled.

I suggest the following improvements:

First, a rating based cancellation cannot be effective for at least six months so that the average consumer will have a reasonable opportunity to find replacement insurance. I, myself, am an attorney with three advanced degrees and even I had difficulty getting all this in place in only 72 days. I believe Maryland has such a provision.

Second, I suggest a 3 year look back as followed by policy by Farmers and by law in Maryland.

Third, I would give a company the option of opting out of the three year look back provided that if they do so they must be required to have higher deductibles. A company should not be able to encourage claims by using a low deductible and then punish customers for making claims by using an open period rating system. The insurance commissioner could be empowered to establish a deduction schedule based on the periods used by companies to rate insurance consumers.

I close with a telling admission that I received from State Farm:

"Your question asked if the decision to not renew a policy was due to payment of *only one* non-catastrophic claim in addition to the two hail claims. This decision did include the use of the two hail claims" (Letter Dated May 13, 2013, emphasis supplied)

Re:SB84 - FOR

RE: My homeowners Policy 26-02-8597-7 R-22 with STATE FARM
1/1/2015-12-31-2015

I received a letter date October 2, 2014 from STATE FARM which stated in part:

"Due to the losses listed below, the policy deductible will be increased from 1/2% to 2% effective 12:01 AM January 01, 2015, the renewal date of this policy.

Date of Loss	Amount of Loss	Cause of Loss
5-18-14	\$9,529.83	Windstorm or hail - Building
6-20-10	6,487.51	Windstorm or hail - Building
7-31-98	.00	Windstorm or hail - Building
7-6-97	.00	Building damage loss -other

Under the 2% deductible the actual dollar amount applicable to a covered loss is calculated by multiplying your coverage A - Dwelling Limit of Liability by @%."

Received statement increasing deductible from \$1,000 (2014) to \$2,920; lowered premium from \$928 to \$885.

I was later informed that they would lower my deductible to 1%. The next statement I received for 2015 was for a deductible of \$1,460 and the amount was \$970. I paid this.

I decided to stay with State Farm as I had a quote from Safeco for house insurance - I believe it was a little cheaper and better deductible but the quote for my car insurance was \$470 higher than State Farm...raised liability from 100,000/300,000 to 250,000/500,000 I am assuming that they did not want to cover me because of my age -- I am going to be 84.

I was told by someone from State Farm that when you call an adjuster out, it is considered a claim because they have to put money out for the adjuster -- seems to me if you have an adjuster out and decide not to file a claim for money -- the adjuster should be considered part of the company's customer service.

I feel that we should have a cap on how many years they should be able to go back -- that is why I would like to see SB 84 pass. .

Evelyn J. Rudolf
2545 Terry Avenue
Billings, Montana 59102

January 20, 2015

Senate Bill 84

To Whom It May Concern:

In May 2014 Billings, Montana experienced a horrible hail storm the result of which was massive property damage throughout our city. Our home experienced considerable damage to the roof, shutters, fence, down spouts, and exterior doors and siding. We contacted our State Farm agent and they sent adjusters to assess the damage. The adjusters presented us with what we considered a fair settlement for the damage that was sustained to our home from this storm.

In August of 2014 we received a call from our State Farm agent Ron Sanchez telling us State Farm was canceling our homeowner's policy effective December 8, 2014. Needless to say, we were shocked. State Farm stated that they were canceling our policy due to three claims we filed for home damage sustained by storms. On two of these claims, 2012 and 2013, we received no compensation for damages to our home from State Farm because State Farm adjusters determined the 2012 or 2013 hail storms resulted in minor damages and no damages beyond our deductible. Again I emphasize that State Farm paid no damages related to the 2012 and 2013 visits to our home. Damage claims were only paid for damages sustained in the 2014 claim.

We have been a client of State Farm for 40 years and have paid our premiums on time every year. In our opinion an individual has insurance to be protected in case of loss or damage to their property. Policy holders should not be punished with cancelation of a policy for filing a claim(s) that resulted in no insurance payment to the policy holder.

Sincerely,

Paul and Dona Hagen
2945 Gregory Dr. W.
Billings, MT 59102
406-698-5507